

# Washington State Gambling Commission

## Agency Overview

### *OUR MISSION*

Protect the public by ensuring that  
gambling is legal and honest.



### *OUR VISION*

Be a premier gambling regulatory agency  
committed to:

- ◆ A balance between Policy Setting,  
Training & Education, and Monitoring  
& Enforcement;
- ◆ A principled, fair and consistent  
regulatory environment;
- ◆ A positive, productive and fulfilling  
working environment that rewards our  
achievements, provides a safe learning  
environment, encourages growth and  
attracts and retains talented employees.

### *OUR VALUES*

We individually and collectively challenge  
ourselves to create and maintain a professional  
working culture that values teamwork and

#### **PRIDE:**

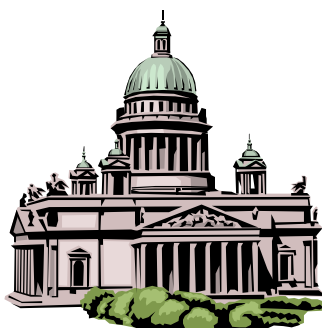
- P** - Principled decision making
- R** - Respect
- I** - Integrity
- D** - Diversity
- E** - Empowerment with accountability

## BACKGROUND

### The Commission's Legislative Mandate

The Washington State Gambling Commission (WSGC) was established in 1973 by the Legislature under the Gambling Act. By law, the Commission is charged with establishing rules so that the public has an opportunity to engage in limited charitable and social gambling without fear of organized crime infiltration or the potential for fraud by professional gamblers.

In 1992, the Legislature added the responsibility to negotiate tribal/state compacts for Class III casino gambling and to implement all agreements reached with the Tribes.



#### Jurisdiction

The agency maintains concurrent jurisdiction with local law enforcement agencies to investigate all reports of gambling violations.

#### Agency Funding Source

WSGC is a non-appropriated agency and is funded through licensing fees and regulatory fees paid by licensees and tribal governments. Therefore, citizens who obtain gambling licenses are supporting our services, not tax dollars. WSGC's budget for the 2001-03 biennium was \$30.4 million.

## WHO WE ARE

WSGC is an independent state agency. As required by the Gambling Act, five citizens are appointed by the Governor, with the consent of the Senate, to act as part-time Commissioners for single six-year terms.

#### Current Commissioners

George Orr, Chair  
Term expires June 2005  
Liz McLaughlin, Vice Chair  
Term expires June 2007  
Curtis Ludwig  
Term expires June 2006  
Alan Parker  
Term expires June 2003  
Janice Niemi  
Term expires June 2002

Four members of the Legislature act as ex officio members. Ex officio members do not vote, except for purposes of approving tribal gaming compacts.

#### Current Ex Officio Members

Senator Margarita Prentice  
11<sup>th</sup> District  
Representative Cheryl Pflug  
5<sup>th</sup> District  
Representative Alex Wood  
3<sup>rd</sup> District  
Senator Shirley Winsley  
28<sup>th</sup> District

The Commission appoints an executive director. The executive director appoints agency staff.



Of the 190 full-time positions authorized, over 95 are commissioned to enforce gambling laws.

## THE AGENCY IS DIVIDED INTO TWO DIVISIONS

### \*\*\*\*\* OPERATIONS \*\*\*\*\*

#### **Licensing Services**

Processes initial applications, annual renewals and changes to applications.

#### **Tribal Gaming**

The State's tribal gaming unit works with each tribe's tribal gaming agency to monitor Class III (Nevada/casino style) tribal gaming activities.

#### **Field Offices**

Regulates all licensed gambling activities by conducting inspections, reviews, and investigations. Field staff provides technical assistance on gambling operations and works with numerous licensee groups.

#### **Licensing Investigations**

##### **Financial Investigations Unit**

Reviews criminal and financial background information to determine eligibility for a license. Conducts pre-licensing investigations, nonprofit qualification and program reviews.

##### **Criminal Intelligence Unit**

Performs criminal history background investigations of license applicants, collects information on criminal investigations.

#### **Special Investigations Unit**

Investigates reports of illegal or criminal gambling activities. Performs undercover work as necessary.

#### **Electronic Gaming Lab**

Tests electronic gambling equipment for tribal casinos for compliance and integrity.



### \*\*\*\*\* ADMINISTRATION \*\*\*\*\*

#### **Human Resources**

Provides comprehensive personnel services in recruitment, hiring, training, and development, compensation and safety. Administer employee programs that include Quality, staff recognition, benefits, ADA, FMLA, and FLSA.

#### **Financial Reporting Services**

Processes Quarterly Activity Reports, compiles statistics, publishes Licensed Operator's Activity Report.

#### **Communications and Legal Department**

##### **Legal Department**

Reviews case reports, initiates administrative action for noncompliance of laws & rules.

##### **Communications**

Creates two licensee newsletters (6 issues each year), responds to questions from the legislature, media and general public.

##### **Rules Coordinator**

Coordinate changes to gambling rules. Notify stakeholders of proposed rule changes. Permanent member of the agency's rules team.

#### **Business Office**

Fiscal planning and budgeting, accounting, I.D Stamps, contracting, purchasing, vehicle fleet operations and facilities management.

#### **Information Technology**

Maintains licensing database. Computer technology and support. Agency web-page design and agency network system.



## WHAT WE DO

### WSGC regulates the following activities:

- ♠ Punch boards and Pull-tabs
- ♠ Bingo and Joint Bingo Games
- ♠ Social Card Games, including  
House-banked Card Games
- ♠ Commercial Amusement Games  
(carnival games & crane games)
- ♠ Raffles
- ♠ Fund-raising Events (Reno Nights)
  
- ♠ The WSGC's tribal gaming unit works with each  
tribe's tribal gaming agency to co-regulate the  
tribal casinos

**WSGC does not regulate  
horse racing or the state lottery.**

### In addition, WSGC regulates and/or controls these activities:



- ◆ Business promotional contests of chance
- ◆ Sports pools and turkey shoots
- ◆ Golfing and bowling sweepstakes
- ◆ Members only social card and dice games  
at charitable/nonprofit organizations
- ◆ Dice or coin games for music, food, or  
beverages. This activity is operated only  
by businesses selling food or beverages.

### Typical Illegal Gambling Activities Investigated

- ♣ Bookmaking - accepting bets on sporting  
events & charging a fee on all losing bets.
- ♣ Illegal card or dice games - illegal if a person  
charges or collects a fee beyond personal  
winnings. These games are legal if no fee is  
collected.
- ♣ Loansharking related to gambling activities



- ♣ Animal fights that involve betting, such as  
dog or cockfights.
- ♣ Owning, transporting, or operating slot  
machines, video pull-tabs, or other similar  
electronic devices.

### Indian Tribal Casinos

There are 29 federally recognized Indian tribes in the state of Washington. Twenty-seven of these tribes have successfully negotiated a tribal/state compact to offer casino style (Class III) gaming. These compacts address regulatory and jurisdictional issues for such gaming.

Seventeen of the tribes with gaming compacts are operating casinos. As of January 2002, the state has certified 10,000 individuals to work in the gaming sector of these tribal casinos, 5,300 of these individuals are currently certified.

## RULE MAKING PROCESS

Commission rule adoptions follow state legal requirements and include opportunities for public input while rules are being developed. After rules are officially proposed, three or more public hearings are held. Written comments can be made at any time by sending them to the Lacey office, attention Rules Coordinator.

## SCOPE OF LICENSED GAMBLING ACTIVITIES

### Active licenses as of June 30, 2001

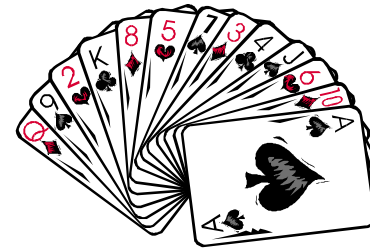
Punch boards and Pull-tabs	2,201*
Amusement Games – operators	117*
Amusement Games – locations only	914*
Raffles	704
Bingo	396
Card Rooms – revenue not generated	187
Card Rooms – revenue generated	106
Fund-raising Events	43**
Individuals Licensed	5,895***

\* includes commercial and charitable operators

\*\* all licenses issued during the year ending 06/30/01

\*\*\* includes card room employees, distributors, manufacturers, distributor representatives, manufacturer representatives and gambling managers

With about 190 full-time employees, geographically dispersed across the state, WSGC regulates over 4,600 licensed gambling activities and nearly 5,900 licensed individuals employed in the non-tribal gambling industry.



## REVENUES GENERATED BY GAMBLING

### Taxes Reported by Gambling Operators

The state does not collect a gambling tax.

RCW 9.46.110 allows local cities or counties to tax gambling receipts. The maximum limitations are set forth in the law and are listed below.

Licensees reported a total of \$44,299,301 paid in local gambling taxes for fiscal year ending June 30, 2001.

Activity	Maximum	Basis
Card Rooms	20%	Gross Receipts
Raffle	5%	Net Receipts; The first \$10,000 cannot be taxed
Bingo	5%	Net Receipts
Punch boards and Pull-tabs – Commercial	5% 10%	Gross Receipts, or, Net Receipts Chosen via local Ordinance
Punch boards and Pull-tabs – Charitable	10%	Net Receipts
Amusement Games	2%	Net Receipts; however, cannot exceed actual enforcement costs

### \*Net Gambling Receipts for the Year ended June 30, 2001

Punch boards and Pull-tabs	\$151,337,175
Bingo	\$ 37,829,410
Commercial Amusement Games	\$ 15,281,376
Card Rooms	\$227,425,017
Raffles	\$ 3,807,568
** Other	\$ 72,039
<u>Fund-raising Events</u>	<u>\$ 73,096</u>
Combined regulated activities	\$435,825,681

\*Gross receipts less prizes paid = net receipts

\*\*Nonprofit amusement games and bingo at agricultural fairs.



## CONTACTING US

For more information, please visit our website or call us. The most effective way to forward your comments to the Commission is by e-mail, fax, or U.S. mail.

The Commission holds monthly meetings to discuss changes to rules, licensing

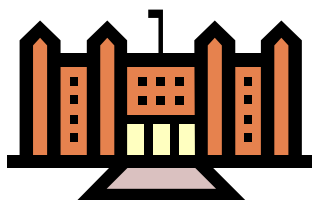
issues, etc. These meetings are open to the public and licensees and the public are encouraged to attend. Commission meeting agendas, including rules and license reviews, are posted on the agency website two weeks prior to each meeting.

Furthermore, the agency bi-monthly newsletter is posted on the website. However, if you would prefer to have hard copies of the agenda or newsletter mailed to you, please send your request to the Communications and Legal Department.

### Headquarters and Records Center

#### Mailing Address

Post Office Box 42400  
Olympia, WA 98504-2400  
Fax: (360) 486-3631  
TDD: (360) 486-3637



#### Location

4565 7<sup>th</sup> Avenue SE  
Lacey, WA 98503  
(360) 486-3440  
(800) 345-2529

[www.wsgc.wa.gov](http://www.wsgc.wa.gov)

### Extensions at Headquarters Office

Administration	3447	Administrative Cases – Hearings	3465
Commission Meeting Agenda	3447	Financial statistics, quarterly & yearly activity reports	3474
Media	3466	Public Disclosure Requests:	
Newsletter	3466	-General information from license files, case reports, administrative charges and final orders	3529
License Application Requests	3440	- Tribal: Class III Gaming Compacts and 2% community contributions	3453
Status of License Application (General)	3440	Pre-license Financial Investigation	
Record Keeping Forms	3440	- Nonprofit and Charitable Organizations	3556
Mandatory Training Schedule	3440	- House-Banked Card Rooms	3559
Rule Changes	3466	- Other Commercial Businesses	3562
Problem Gambling	3468	Tribal Negotiations	3449
I.D. Stamps (Business Operations)	3489	Tribal Implementation	3586
Human Resources	3457	Business Promotions/Contests of Chance – to Local Field Office	
Field Operations	3580		
Raffles - Operational questions	(360) 738-6203 ext. 27		

**If you have any questions or wish to report any illegal activity in your area, please contact your local field office.**

#### Everett Office

3501 Colby Avenue  
Suite 102  
Everett, WA 98201  
(425) 339-1728  
Fax: (425) 339-1743  
[EverettFO@wsgc.wa.gov](mailto:EverettFO@wsgc.wa.gov)

#### Tacoma Office

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(253) 471-5312  
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[TacomaFO@wsgc.wa.gov](mailto:TacomaFO@wsgc.wa.gov)

#### Spokane Office

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